

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency

P.O. Box 2415

Washington, DC 20013-2415

Notice FC-58

1951-S

For: State Offices

Administrative and Property Management Costs for DALRS

Approved by: Deputy Administrator, Farm Credit Programs

Suzanne Kling

1 Overview

A

Background

To determine eligibility for restructuring, the Agency must compare the net recovery value of certain property with the value of the restructured loan. State Offices shall conduct a cost analysis annually, during July, to determine the constants needed by servicing officials to calculate net recovery value. These costs are determined according to FmHA Instruction 1951-S, section 1951.909(f)(2) and Exhibit I.

B

Purpose

This notice provides States with:

- the administrative liquidation costs for each loan type
- a worksheet for determining property management costs.

C

Contact

If questions about this notice, contact Kim Laris, LSPMD, through the Area Office.

Disposal Date

July 1, 1997

Distribution

State Offices

7-3-96

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2 Action

A Administrative Liquidation Costs

The administrative liquidation costs for each loan type are provided in the following table. These constants are for DALR\$ Versions 4.2 and 6.0.

Loan Type	Calculation	Cost
OL	$(654 \div 60 = 10.90) \times \$17.45 =$	\$190.00
FO/SW	$(642 \div 60 = 10.70) \times \$17.45 =$	\$187.00
EM/EE	$(636 \div 60 = 10.60) \times \$17.45 =$	\$185.00
RH (use for RHF loans only)	$(642 \div 60 = 10.70) \times \$17.45 =$	\$187.00

Notes: Because FY 1996 standards were not available, costs were calculated using FY 1995 RMS standards and the GS 11/1 pay rate for the rest of the U.S.

Enter RHF loans in DALR\$ as a fund code 46, even though these loans have been changed to a fund code 41.

B Determining Property Management Costs

Use Exhibit 1, of this notice, to calculate the property management costs.

The 1995 RMS standards for the calculation have been entered on Exhibit 1.

Insert the average holding period for the State, according to FmHA Instruction 1951-S, Exhibit I, paragraph A(1), and obtain the average actions per property per month from the RMS-7 report. Contact the Rural Development State Office for a copy of this report, if you do not have a copy available in your files.

Continued on the next page

2 Action (Continued)

**C
Farm Land
Advisory
Committee
(FLMAC)**

Because of reorganization, FLMAC will consist of:

- FSA, SED
- NRCS State conservationist
- extension specialist from a land grant university, if available, or other CSREES employee with knowledge of the farm real estate market.

Note: See FmHA Instruction 1951-S, Exhibit I, paragraph (A)(4).

Data obtained from EIP-51R (FSA-326) may be useful to FLMAC in determining the annual percentage of decrease or increase in land values.

**D
State
Supplement**

After completing the costs analysis, but no later than October 1, 1996, issue a State supplement providing servicing officials with the factors to use in adjusting current market value. Forward the following to LSPMD for post approval:

- a copy of the State supplement
 - the calculations used to determine these factors.
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Worksheet for Determining Property Management Costs

(a)	(b)	(c)
Step 1. (_____)	X (_____)	= (_____)
Average Actions per Property/Month (From RMS-7 Report)	Average Holding Period	

(d)	(e)	(f)
Step 2. (_____)	÷ (_____)	= (_____)
FY 95 RMS Standard for Property Management for FO Loans	84	60

(c)	(f)	(g)	(h)
Step 3. _____	X _____	X _____	= _____
Amount From Step 1	1.40 Amount From Step 2	\$17.45 GS 11/1 Hourly Pay	

(i)	(j)	(k)
Step 4. (_____)	÷ (_____)	= (_____)
FY 95 RMS Standard for FO Property Sale Actions	73	60

(k)	(l)	(m)
Step 5. (_____)	X _____	= _____
1.22 Amount From Step 4	\$17.45 GS 11/1 Hourly Pay	\$21.29

(h)	(m)	(n)
Step 6. _____	+ _____	= \$ _____
Amount From Step 3	\$21.29 Amount From Step 5	Administrative Costs for Inventory Property
